

Memorandum for:

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EUR A

**Office of European Analysis
Directorate of Intelligence**

Distribution:

- 1 - [redacted]
- 1 - DDI
- 1 - DDI Registry
- 1 - OD/EURA
- 2 - EURA Production
- 4 - IMC/CB
- 1 - WE Division
- 1 - CM Branch
- 1 - [redacted]

DDI/EURA/WE/CM/ [redacted]

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[REDACTED]

Italian Attitude and Policy Toward COCOM

Italy, which presently provides the COCOM chairman, formally supports COCOM and accepts the necessity of port restrictions, but only for products with clearly identifiable military uses. According to the Italians, items that use obsolescent technology, that are readily available in the Soviet Bloc or through non-COCOM countries, or that have no identifiable military use have no place on the COCOM lists. Rome opposes adding oil and gas equipment to the lists and has questioned the military significance and survivability of personal computers. Rome opposes the formulation of a rigid no-exception list and favors a flexible case-by-case approach. Italian officials, for example, oppose proposals for upper limits on computer exports as an unnecessary enlargement of COCOM rules. [REDACTED]

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Rome particularly wants to exclude "political" questions from COCOM, arguing that consideration of such issues would require a change in the organization's mandate. Rome sees US efforts to strengthen the COCOM control list through the addition of new dual-use technologies, many of which they believe have questionable military application, as a restriction of legitimate East-West trade. The Italian government is sensitive to domestic interest groups and finds it difficult to agree on controls when domestic political and economic interests are involved, as they were in the case of the Siberian gas pipeline. [REDACTED]

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Rome supports improvements in the current enforcement regime and has backed -- at least in principle -- US efforts to enforce controls. Rome, however, has opposed the establishment of re-export licensing requirements and is strongly opposed to the denial of export privileges as a penalty for COCOM violations, claiming that blacklisting is unconstitutional in Italy. Italian officials have frequently claimed that their own controls -- including those over re-exports from third countries -- are stricter than those of most other COCOM members. They argue that the United States is unduly distrustful of national licensing requirements. In addition, Italy, along with Japan, Greece, Turkey, the Netherlands and Belgium, has voted against strengthening administrative and criminal sanctions. [REDACTED]

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While opposing specific US enforcement proposals and, at times, being very irritated by US technology transfer policy, Rome has been particularly supportive of US efforts to harmonize national regulations as part of an effort to make COCOM more efficient. As a start, Italian officials would like to see uniform national licensing procedures. Rome also wants the COCOM Secretariat strengthened and enhanced and has lobbied for more sharing of information among COCOM members. [REDACTED]

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Rome is still studying proposals to establish a military subcommittee for COCOM in Paris. While Italian officials have indicated that they are not opposed to the concept in principle, Rome would probably not support such a committee unless it had a highly restricted mandate. Government officials assert that the military is often overly alarmist and COCOM could be too easily swayed by their views into restricting items of questionable military significance. [REDACTED]

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Italy
Exports to USSR
(Million US \$)

Commodity	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>
Total	1133	1220	1271	1284	1512
Foodstuffs	53	33	54	111	102
Raw Materials	3	3	14	7	4
Fuels	5	18	31	15	26
Manufactured Goods	1072	1165	1172	1151	1380
Other	0	0	0	0	0

Italy
Imports from USSR
(Million US \$)

Commodity	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>
Total	1535	1902	2987	3085	3492
Foodstuffs	14	13	13	14	16
Raw Materials	215	258	320	267	252
Fuels	1218	1427	2391	2631	3124
Manufactured Goods	87	201	263	173	100
Other	0	0	3	0	0

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Selected Cooperative Agreements Between US and Italian Firms

<u>Italian Firm</u>	<u>US Partner</u>	<u>Known Terms of Agreement</u>
SGS-Ates Componenti Electronici, SPA	National Semiconductor	Technological exchange agreement
Fiat	Allis-Chalmers	Joint venture for production and distribution of earthmoving equipment
Fiat Aviazione	General Electric	Fiat manufacturers T64-P4D and J79 jet engines in Italy under license agreement with Fiat as the prime contractor.
Aeritalia	Lockheed	Aeritalia maintains and services of F104G, F104S, and TF104G warplanes.
Olivetti	VTI	Olivetti has acquired internal semi-custom design technology.
	IPL	Olivetti distributes IPL IBM compatible mainframe computers in Italy.
	Stratus Computer	Olivetti has distribution rights for high-end non-stop computer systems.
	Irwin International	Exclusive rights to manufacture and distribute Irwin's advanced magnetic disc in Europe. Agreement also provides for cooperation in develop- ment of sophisticated magnetic-memory devices.
	MEMOREX	Agreement for joint development, production and marketing of magnetic disc memories for information handling systems.
	AT&T	Technological exchange and distribu- tion agreement. Olivetti will market AT&T micro-computers in Italy.

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